

Amendments to the Specification

On page 11, edit the paragraph beginning on line 5 as follows:

A<sup>2</sup> A program amount may be defined as the total loan amount less the cost of the loan. In the example discussed with respect to Example I – Part A and Part B provided as the last portion of this Detailed Description Appendix A and Appendix B, the program amount is \$500M. In the preferred embodiment, the cost of loan fee is defined as 2% of the program amount + origination fee, wherein the origination fee may be 0.2% of the program amount. Again, in Example I – Part A and Part B the example of Appendix A and Appendix B, 2% of the program amount is \$10M and 0.2% of the program amount is \$100K, yielding a cost of loan of \$10.1M. Lender 108 preferably makes a loan to Foundation 102 that is, at least in part, collateralized by the insurance policies.

On page 15, edit the paragraph beginning on line 15 as follows:

A<sup>3</sup> A specific implementation of the foundation funds generation system and method may be appreciated with respect to Example I - Part A and Part B Appendices A–B, which provide a sample implementation of the foundation funds generation system and method. Appendix Part A provides an analysis of the CV required rate of return for years 1-20, assuming a 20 year loan. These figures can be better appreciated with respect to the program overview of Appendix Part B. In this example, the block of individuals is 20,000 people and the program value (or amount) is \$500,000,000. The program value includes the cost of the premiums to insure those individual's lives of \$479,900,000 (column 3) and the installation fee of \$8,000 (column 5), and the initial deposit to the escrow account, to make \$500M. A cost of loan fee (or "raise") is \$10,100,000, making the total loan value \$510,100,000 (columns 2 & 4), as previously described. There is a \$0 down payment and the Lender 108 gives a 6.0% interest rate.

On page 16, edit the paragraph beginning on line 4 as follows:

A<sup>4</sup> Column 6 of Appendix Part B shows the policy value (or CV) increasing each year. A reinsurance premium of \$32,000 per 1,000 lives insured (here 20,000 lives) is paid annually (columns 9 & 10) to Re-insurer 112. In column 7, the amount of reinsured mortality is shown for years 1-20, and the actual mortality is shown for years 20-40 (assuming that it is known). Since reinsurance is only required during the loan term, i.e., years 1-20, the cumulative reinsured mortality is only shown for that period, and reinsurance premiums are not paid beyond year 20.

On page 17, edit the paragraph beginning on line 8 as follows:

a<sup>5</sup>  
Appendix Part B also shows the internal rate of return (IRR) cash inflows/outflows, in year 1 the figures is -\$478,340,000, which yields an IRR in year 1 of -0.9888%. This value is arrived at as follows:

✓  
On page 20, change "APPENDIX A" to "EXAMPLE I - PART A"

✓  
On page 22, change "APPENDIX B" to "EXAMPLE I - PART B"